

Exhibit 3

STOCK PURCHASE AGREEMENT

AGREEMENT made as of this 25th day of October 1972, between RSR CORPORATION, a Delaware corporation, with principal offices at 2727 N. Westmoreland, Dallas, Texas 75222 (the "Buyer"), and ST. JOE MINERALS CORPORATION (the "Seller"), with offices at 250 Park Avenue, New York, New York 10017.

In consideration of the mutual covenants contained herein, and for other valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto covenant and agree as follows:

ARTICLE I

Sale and Accquisition; Closing;
Post-Closing Adjustment

Section 1.1 Agreement to sell and acquire and to cancel claims. On the basis of the representations and warranties and subject to the terms and conditions set forth in this Agreement, for the total consideration specified in Section 1.2, (a) the Seller agrees to sell to the Buyer, and the Buyer agrees to acquire from the Seller, at the Time of Closing (as hereinafter defined), 1,000 issued and outstanding shares of capital stock, \$1.00 par value (the "Shares"), of QUEMETCO, INC., a Delaware corporation ("Q"), and (b) the Seller agrees that at or prior to the Time of Closing it will cancel all claims against Q as a contribution to the capital of Q.

Section 1.2 Purchase Price. The purchase price for the Shares and the consideration for Seller's cancellation of all of its claims against Q shall consist of (a) \$20,000,000 in cash (the "Cash Purchase Price"), subject to adjustment as set forth in Section 1.6, (b) Buyer's promissory note (the "Note") in the form attached hereto as Exhibit A, with such changes therefrom as the parties may approve, dated the date of the Time of Closing and maturing on the day before the fifth anniversary of such closing date, in the principal amount of \$2,000,000, and (c) the Buyer's assumption of certain obligations of the Seller pursuant to the Assumption Agreement referred to in Section 1.5.

Section 1.3 Closing. The closing of the sale and acquisition of the Shares under this Agreement will take place at 6:00 P.M., New York City time, on October 25, 1972 (such time and date being hereinafter referred to as the "Time of Closing") at the offices of Messrs. London, Battenwieser & Chalif, 575 Madison Avenue, New York, New York 10022 (or such other time, date and place as the parties hereto may agree upon).

Section 1.4 Delivery of Shares. Subject to the terms and conditions set forth in this Agreement, Seller shall deliver, or cause to be delivered, to the Buyer at the Time of Closing, certificates representing the Shares, duly endorsed in blank or accompanied by duly executed stock powers with the signature of the Seller guaranteed thereon by a commercial bank with offices or a correspondent located in New York City or

by a member firm of the New York or American Stock Exchanges and with any required stock transfer tax stamps attached, and the Seller will cause Q to deliver to or upon the order of the Buyer a new certificate or certificates registered in the name of the Buyer or its nominee representing the Shares upon the Buyer's surrender for cancellation to Q of the certificates for the Shares.

Section 1.5 Payment of Purchase Price. Subject to the terms and conditions set forth in this Agreement, the Buyer shall at the Time of Closing (a) pay to the Seller, in cash or by certified or bank cashier's check (in New York Clearing House Funds) the Cash Purchase Price and (b) execute and deliver to the Seller an assumption agreement (the "Assumption Agreement"), in the form attached hereto as Exhibit B, with such changes therefrom as the parties may approve, relating to the assumption by the Buyer of Seller's obligations after the Time of Closing as guarantor of Q's obligations under its leases of property in Wallkill, New York and Indianapolis, Indiana, and (c) execute and deliver to the Seller the Note.

Section 1.6 Adjustment of Cash Purchase Price. Following delivery to the Buyer of the Additional Financial Statements referred to in Section 3.7 hereof, the Cash Purchase Price shall be reduced as follows:

(i) If the Adjusted Net Worth (as defined below) is in excess of \$20,872,000, there shall be no adjustment.

(ii) If Adjusted Net Worth is less than \$20,872,000, any net write-off, loss, charge or other decrease in respect of Q's old Indiana plant in excess of \$400,000, shall be promptly paid to the Buyer in cash.

(iii) If Adjusted Net Worth is less than \$20,872,000, the amount by which such difference is attributable to any net write-off, loss, charge or other decrease other than in respect of Q's old Indiana plant and is in excess of \$300,000, shall be promptly paid to the Buyer in cash.

For purposes of this Section 1.6, Adjusted Net Worth shall be certified by Haskins & Sells following delivery to the Buyer of the Additional Financial Statements referred to in Section 3.7, and on the basis of the consolidated balance sheet as of October 31, 1972 referred to in such Section 3.7, and shall be the sum of the consolidated paid in capital account, capital surplus account, and retained earnings account of Q on a consolidated basis, plus all obligations owed to the Seller by Q or any Q Subsidiary (calculated prior to the cancellation of claims by the Seller against Q referred to in Sections 1.1 and 3.10 hereof).

At the Seller's option in lieu of making such cash payment the Seller may deliver to the Buyer a written instrument cancelling a portion of the principal amount of the Note equal to such adjustment amount and the Note, against receipt from the Buyer of a substituted Note in such adjusted principal amount and otherwise of like tenor.

ARTICLE II

Covenants, Representations and Warranties of the Seller

The Seller covenants, represents and warrants to the Buyer as follows:

Section 2.1 Ownership of the Shares.

(a) The Seller is the lawful owner, of record and beneficially, of the Shares, free and clear of all liens, encumbrances, claims and equities of every kind;

(b) the Shares are legally and validly authorized and issued and are fully paid and non-assessable;

(c) the Seller has full legal power to enter into this Agreement and at the Time of Closing will have full legal power to transfer and deliver the Shares, or to cause the Shares to be transferred or delivered, to the Buyer in accordance with this Agreement; and

(d) delivery of the Shares at the Time of Closing in accordance with this Agreement will vest good and marketable title to the Shares in the Buyer, free and clear of all liens, encumbrances, claims and equities of every kind, except by reason of any act or omission attributable to the Buyer.

Section 2.2 Capitalization of Q. The authorized capitalization of Q consists of 1,000 shares of capital stock, \$1.00 par value, of which 1,000 shares are issued and outstanding and owned by the Seller. Q has no other capital stock of any class and no other securities, authorized or issued, bearing voting or other equity rights, whether or not contingent.

Section 2.3 Q Subsidiaries and Affiliates. Q owns an aggregate of 5,000 shares, \$10.00 par value, of the capital stock of Bestolife Corporation, a California corporation, ("Bestolife") and 8,400 shares, 1,000 pesos par value, of the capital stock of Productos Industriales de Plomo, S.A., a corporation organized under the laws of Mexico ("PIPSA"), constituting all of the issued and outstanding stock of Bestolife and 60% of the issued and outstanding stock of PIPSA. (Bestolife and PIPSA are sometimes hereinafter collectively referred to as the "Q Subsidiaries".) Except for the Q Subsidiaries, Q does not have any subsidiary or own any stock or interest in any other corporation or other business entity.

Section 2.4 Due Organization of Q and Q Subsidiaries.

Each of the Seller, Q and each Q Subsidiary is a corporation duly organized and legally existing and in good standing under the laws of its jurisdiction of incorporation with full power and authority to own its properties and conduct its business as now being conducted, and each of Q and each Q Subsidiary is duly qualified as a foreign corporation in each jurisdiction in which the character or location of its properties, or the nature of its business requires such qualification.

Section 2.5 Capitalization of Q Subsidiaries. The authorized and the issued and outstanding capitalization of the Q subsidiaries is set forth in Exhibit C hereto. Neither Q Subsidiary has any other capital stock of any class or any other securities, authorized or issued, bearing voting or other equity rights, whether or not contingent.

Section 2.6 Certificates of Incorporation and By-Laws; Minutes and Stock books. Copies of the Certificates of Incorporation, certified by the Secretary of State of the jurisdiction of incorporation, and copies of the By-laws, certified by the Secretary of the corporation, of the Seller, Q and Bestolife and a copy of the Certificate of Incorporation of PIPSA, have been delivered to the Buyer and are complete and correct as of the date hereof (other than amendments to the Certificate of Incorporation of PIPSA adopted in 1971 and 1972 increasing the capital of

PIPSA to 15,000,000 pesos, an accurate description of which has been delivered to the Buyer). PIPSA does not have any instrument embodying by-law provisions apart from its certificate of incorporation. The Seller has furnished to the Buyer the minute and stock books of Q and Bestolife; such minute books of Q contain minutes of all formal meetings, and unanimous consents, of the Board of Directors, or any committee thereof, or stockholders of Q to the date hereof.

Section 2.7 Other rights to acquire stock. Neither Q nor any Q Subsidiary has outstanding any options, warrants, calls or rights of any kind to acquire additional shares of stock of any class or any other equity securities.

Section 2.8 Financial Statements. The Seller has furnished to the Buyer the following financial statements with respect to Q, the Q Subsidiaries, and Quemetco, Inc., a California corporation ("Predecessor Q"), including notes thereto: (i) consolidated balance sheets and statements of income and retained earnings of Predecessor Q as of and for the three fiscal years ended March 31, 1970, together with the manually signed reports of Lybrand, Ross Bros. & Montgomery, independent certified public accountants, relating thereto, (ii) consolidated balance sheet and statement of income and retained earnings of Predecessor Q as of and for the fiscal period ended December 31, 1970 (unaudited), (iii) consolidated balance sheet and statement of income and retained earnings of Q and the Q Subsidiaries as of and for the fiscal year ended December 31, 1971 (unaudited) and (iv) consolidated balance sheet and statement of income

and retained earnings (unaudited) of Q and the Q Subsidiaries as of and for the nine months ended September 30, 1972.

(Said balance sheet as of September 30, 1972 is sometimes hereinafter referred to as "the 1972 Balance Sheet"). The foregoing financial statements of Q and the Q Subsidiaries present fairly the consolidated financial positions and results of operations of Q and the Q Subsidiaries as of the dates and for the periods indicated and have been prepared in accordance with generally accepted accounting principles and practices, which principles and practices have been consistently followed throughout the periods involved (except to the extent that the financial statements for 1971 and 1972 give effect to the revaluation of Predecessor Q's assets as at the time of Q's acquisition of such assets).

Although Seller did not participate in the preparation of the foregoing consolidated financial statements of Predecessor Q, nothing has come to Seller's attention during its ownership of the Shares which has given Seller any reason to believe that such consolidated financial statements of Predecessor Q (i) do not accurately reflect the financial condition and results of Predecessor Q and its subsidiaries as of and for the periods covered or (ii) were not prepared in accordance with generally accepted accounting principles consistently followed throughout the periods covered.

Section 2.9 Material Contracts. Neither Q nor

Bestolife is a party to any written contract or other instrument or oral contract imposing any obligation on either of them, which obligation is material to Q and the Q Subsidiaries taken as a whole, except as described in Exhibit D hereto (complete and correct copies of which written contracts and other instruments and written summaries of which oral contracts have been delivered to the Buyer). PIPSA is not a party or subject to any contract or other document imposing any obligation on it, which obligation is unduly burdensome to the conduct of its business and material to Q and the Q Subsidiaries taken as a whole. Except as described in Exhibit D or another exhibit hereto, neither Q nor Bestolife is a party to any of the following written or oral contracts involving in any single case annual payments in excess of \$2,500:

(a) contract for the employment of any director, officer or individual employee which cannot be terminated without penalty on notice of one month or less;

(b) collective bargaining agreement or contract with any labor union;

(c) any contract, agreement or commitment in respect of the sale of products or services or for the purchase of inventory, supplies or other products or utilities, other than contracts, agreements or commitments (i) for purchases or sales entered into in the ordinary course of business involving payments of less than \$100,000 in the case of any single contract, agreement or commitment, and either (ii) terminable at will by Q or any Q Subsidiary without penalty or liability or (iii) to be fully performed within one month from the date hereof;

(d) continuing contract for the sale of products over a period of more than one month from the date hereof;

(e) distribution or sales agency contract;

(f) pension, profit sharing, deferred compensation, retirement, bonus, stock option or stock purchase plan or other compensation arrangement in effect with respect to employees or others;

(g) lease of, or contract or commitment to lease, real or personal property and involving a term in excess of three years or rental payments in excess of \$25,000 per year;

(h) consulting, management or retainer agreement; or

(i) license agreements;

Q and each of the Q Subsidiaries have substantially performed all obligations required to be performed by each to date, and are not in default in any material respect, under any written or oral contract, agreement, lease or other document to which any of them is or has been a party and which is material to Q and the Q Subsidiaries taken as a whole; nor is there any basis for any claim of any such default, nor has there occurred any event which, with the passage of time, or notice, or both, could give rise to any such default.

Section 2.10 Material Liabilities. Neither Q nor any of the Q Subsidiaries has any material liabilities, fixed or contingent, other than (i) liabilities fully disclosed or reflected in the 1972 Balance Sheet, and the notes thereto, and (ii) liabilities incurred since September 30, 1972, all of which have been in the ordinary course of business and, in the aggregate, have not materially adversely affected the financial condition of Q and the Q Subsidiaries taken as a whole or the conduct of their businesses taken as a whole or (iii) liabilities in respect of materials, services or supplies under construction contracts. For purposes

solely of this Section 2.10 liabilities shall be deemed to be "material" if they involve an amount in excess of \$100,000 in the aggregate.

Section 2.11 Title to assets. Q and each of the Q Subsidiaries have good and marketable title to all of their respective properties and assets (except that in the case of the shares of PIPSA owned by Q, Seller represents only that Q owns such shares and not that Q has good and marketable title thereto) and good title to their leasehold estates, in each case free and clear of any mortgage, pledge, lease, lien, encumbrance, charge or title retention or other security arrangements, except the following permitted encumbrances:

(a) liens fully reflected in the 1972 Balance Sheet or disclosed in Exhibit E hereto;

(b) liens imposed by law and incurred in the ordinary course of business for indebtedness not yet due to carriers, warehousemen, laborers or materialmen and the like, not material in amount;

(c) liens in respect of pledges or deposits under workmen's compensation or similar laws;

(d) liens for current taxes not yet due and payable;

(e) with respect to Q and the Q Subsidiaries taken as a whole, other liens, charges and encumbrances not material in amount individually and in the aggregate and which do not materially adversely affect the conduct of their business; and

(f) with respect to the shares of PIPSA owned by Q, any restrictions on the sale thereof to a non-Mexican national under the laws of Mexico or the terms of the permit for the

incorporation of PIPSA. (The sale of the Shares to the Buyer, in itself, will not cause any forfeiture of the shares of PIPSA owned by Q.)

Section 2.12 Operations since September 30,

1972. Since September 30, 1972 there has not been (except as otherwise expressly permitted by this Agreement):

(a) any material change (other than any changes as a result of changes in the domestic price of lead) in the financial condition or business of Q and the Q Subsidiaries taken individually and as a whole other than changes occurring in the ordinary course of business, none of which has been materially adverse;

(b) any disposition by Q or any Q Subsidiary of any of its capital stock or of any option or right to acquire any of its capital stock, or any acquisition or retirement for a consideration by Q or any Q Subsidiary of any of its capital stock or any declaration or payment of any dividend or other distribution of or with respect to its capital stock;

(c) any sale or other disposition of any asset owned by or used in the business of Q or any of the Q Subsidiaries (whether or not capitalized or expensed for tax or financial statement purposes) at the close of business on September 30, 1972 or thereafter acquired or used, except in the ordinary course of business;

(d) any substantial expenditures or commitment by Q or any of the Q Subsidiaries for the acquisition of assets of any kind, other than non-capital assets in the ordinary course of business and except for capital expenditures and commitments (i) not in excess of \$50,000 individually and \$250,000 in the aggregate or (ii) scheduled in Exhibit F hereto;

(e) any damage, destruction or loss materially and adversely affecting the property or business of Q and the Q Subsidiaries taken as a whole;

(f) any loans or advances by Q or any of the Q Subsidiaries other than loans in an aggregate amount not exceeding \$25,000 to their respective personnel;

(g) any general increase by Q or any of the Q Subsidiaries in rate or rates of salary or compensation of employees or agents or any specific increase in the salary or compensation of any employee or agent whose salary or compensation from Q and any Q Subsidiary after such increase would be at an annual rate in excess of \$15,000, except for those employees whose names and increased salaries are listed in Exhibit G;

(h) any cancellation or surrender of any policy of insurance;

(i) any guaranty by Q or any Q Subsidiary of any liability of another person or business;

(j) any waiver of any right of material value or any cancellation of any indebtedness due to Q or any Q Subsidiary except in the ordinary course of business; or

(k) any significant labor dispute.

Section 2.13 Litigation. Except as set forth in Exhibit H, there is no action, suit, proceeding or investigation pending or threatened against Q or any of the Q Subsidiaries, or the Seller or any of its subsidiaries, or any state of facts which may give rise thereto, which might result in any material adverse change in the financial condition or business of Q and the Q Subsidiaries taken as a whole or which questions the validity or propriety of this Agreement or of any action taken or to be taken in accordance with or in connection with this Agreement.

Section 2.14 Compliance with laws. Q and Q Subsidiaries have in full force and effect all material government licenses and permits required for the operation of their respective business. No violations are or have been recorded in respect of any such existing licenses or permits and remain uncorrected as of the date hereof and no proceeding is pending or threatened looking toward the revocation or limitation of any of such existing licenses or permits, and except as set forth in Exhibit H, there are no violations

of any laws, rules, regulations, orders or ordinances applicable to the business or properties of Q or any of the Q Subsidiaries (including reporting requirements of any federal or state agency) which would materially adversely affect the business and operations of any of them.

Section 2.15 No breach of charter or law, etc.

Except as may be set forth in Exhibit H, the execution and performance of this Agreement will not result in a breach of or constitute a default or violation under:

(a) any charter, by-law, agreement or other document to or by which Q, any Q Subsidiary or the Seller or any of its subsidiaries is a party or is bound or any of their respective properties is subject; or

(b) any statute, decree, judgment, order or rule of any court or governmental authority which is binding on Q, any Q Subsidiary, the Seller or any of its subsidiaries.

Section 2.16 Brokerage fees. All negotiations relative to this Agreement have been carried on by the Seller directly with the Buyer in such manner as not to give rise to any valid claim against Q, any Q Subsidiary or the Buyer for any brokerage commission or finder's fee or other like payment in connection with the transactions contemplated by this Agreement.

Section 2.17 List of property, etc. Annexed as Exhibit I is a complete and correct list as of September 30, 1972 of the following:

(1) all real property owned or under option or commitment to purchase by Q or any Q Subsidiary;

(2) all material patents, patent applications, trademarks, trademark registrations, trade names, trade name registrations, copyrights, copyright registrations and applications therefor, owned in whole or in part by Q or any Q Subsidiary, all of which are in good standing, and any material patent, trademark, trade name or copyright licenses to which they or any of them may be a party;

(3) the names and current annual compensation rates of all of the employees of Q or any Q Subsidiary whose aggregate annual salary rate from Q and all Q Subsidiaries is \$15,000 or more.

Section 2.18 Inventories. The inventories of Q and each of the Q Subsidiaries shown on the 1972 Balance Sheet, or thereafter acquired, consist of items of a quality and quantity useable or saleable in the normal course of their respective businesses; the value of all obsolete items and of all items of below standard quality has been written down to realizable market value or adequate reserves have been provided therefor; and the values at which such inventories are carried reflect the normal inventory valuation policy of Q and each Q Subsidiary of stating the inventories at cost or market, whichever is lower.

Section 2.19 Facilities and Equipment. Except

for buildings, leasehold improvements, and machinery and equipment located at Q's former Indianapolis plant, all of the buildings, and all machinery and equipment, owned by Q and the Q Subsidiaries are in normal operating condition, free from any known material defects except such as require routine maintenance and such minor defects as do not interfere with the normal operations of Q and the Q Subsidiaries.

Q has recently constructed new plants at Indianapolis, Indiana, and Wallkill, New York, which have been placed in service.

Section 2.20 Patents, Trademarks and Copyrights.

To the best knowledge of the Seller, Q and each Q Subsidiary owns or is licensed under such patents, trademarks, trade names and copyrights as are necessary to conduct its business as now operated by it, it being understood that no representation is made as to the battery crusher at Q's Wallkill plant. The Seller agrees to indemnify and hold the Buyer and Q harmless from any liability or loss arising from any claim of infringement arising prior to the Time of Closing in respect of such battery crusher. Neither Q nor any Q Subsidiary is currently in receipt of any notice of conflict with the asserted rights

of others under any patent, trademark, trade name or copyright, or in receipt of any notice of infringement or other complaint of traversing rights of others in patents, trademarks, trade names or copyrights.

Section 2.21. Dividends. No dividends have been declared or paid by Q or any Q Subsidiary since September 30, 1972

Section 2.22 Taxes. The provisions made for taxes in the 1972 Balance Sheet are sufficient for the payment of all unpaid federal, state, county and local taxes of Q and each of the Q Subsidiaries accrued to the date thereof, whether or not disputed. There are no agreements by Q or any Q Subsidiary for the extension of time for the assessment of any material amounts of tax, and all federal, state, county and local taxes due and payable by each of them through the date hereof have been paid or accrued on their books. Q and each of the Q Subsidiaries have filed all federal, state, county and local tax returns required to be filed through the date hereof. Q and the Q Subsidiaries have been or will be included in the Seller's consolidated group for tax purposes from January 1, 1971 to the Time of Closing. Seller agrees to indemnify and hold harmless Q and the Q Subsidiaries from and against any cost or expense arising from any claim for any Federal, state or local income taxes for such period.

Section 2.23 Accounts Receivable. The accounts receivable of Q and each Q Subsidiary shown on the 1972 Balance Sheet or thereafter acquired, have been collected or are collectible at the aggregate recorded amounts thereof less any reserves therefor at the Time of Closing and customary trade allowances and discounts, and none of such accounts is

subject to material counterclaim, set-off or defense.

Section 2.24 Insurance. Q and each Q Subsidiary have in full force and effect policies for fire, liability and other forms of casualty insurance in such amounts and against such losses and risks as are adequate for the protection of their respective businesses and properties.

Section 2.25 Governmental Consent. No prior ~~cons~~ approval or authorization of or registration, qualification, designation, declaration or filing with any governmental authority on the part of the Seller is required in connection with the execution, delivery and performance of this Agreement.

Section 2.26 Corporate Authority. The execution, delivery and performance of this Agreement by the Seller has been duly authorized by its Board of Directors. No further corporate authorization on the part of the Seller is necessary to consummate the transactions contemplated herein, and this Agreement is binding upon and enforceable against the Seller in accordance with its terms.

Section 2.27 Returns and Adjustments. No material returns or adjustments with respect to any of the products sold by Q or any of the Q Subsidiaries are currently due or pending and no claim for any such return or adjustment is presently threatened or in dispute.

Section 2.28. Statistical and Financial Information. The Seller has furnished to the Buyer certain statistical and financial information relating to Q and the Q Subsidiaries contained in Exhibit J hereto. The historical information included therein has been prepared from and in accordance with the books and records of Q and the Q Subsidiaries.

Section 2.29 Information furnished pursuant to
Section 3.4. None of the information furnished by the Seller to the Buyer in writing pursuant to Section 3.4 contains any untrue statement of a material fact or omits to state any material fact reasonably necessary to make such information not misleading.

Section 2.30 Debts to subsidiaries of the Seller.
There are no debts owed by Q or any Q Subsidiary to any subsidiary of the Seller, whether by way of goods sold and delivered advances, money borrowed, or otherwise; nor have Q or any Q Subsidiary guaranteed any debt of the Seller or any of its subsidiaries.

Section 2.31. Reduction of Seller's Investment.
Since September 30, 1972, the Seller, either by cash withdrawals or by transactions in which the fair market value of the consideration received by Q was not substantially equivalent to the fair market value of the consideration received by the Seller, has not reduced its investment in Q or its advances to or on behalf of Q. For the purposes of this Section 2.31, no value shall be attributed to any cancellation of inter-company debt.

Section 2.32. Completeness. No representation or warranty made by the Seller in writing pursuant to this Agreement contains any untrue statement of a material fact or omits to state any material fact reasonably necessary to make the statements herein and therein not misleading, and all copies of the documents delivered hereunder are true and complete copies. There is no fact known to the Seller which materially adversely affects or in the future

may (so far as the Seller can now foresee) materially adversely affect the business, operations, affairs, condition (financial or otherwise), properties or assets of Q and the Q Subsidiaries taken as a whole which has not been set forth in this Agreement, or in Exhibits, schedules or other documents, certificates and statements furnished to the Buyer by or on behalf of the Seller prior to or on the date hereof in connection with the transactions contemplated hereby.

ARTICLE III

Additional Agreements of the Seller

Section 3.1 Conduct until Time of Closing.

Except for transactions specifically contemplated by this Agreement or agreed to in writing by the Buyer between the date hereof and the Time of Closing the Seller will cause Q and each Q Subsidiary, respectively:

(a) Conduct in ordinary course. to conduct its business diligently and only in the ordinary course;

(b) Changes in charter or by-laws and additional stock. to make no change in its Certificate of Incorporation or By-Laws, or in its authorized capital, or issue any shares of its capital stock or grant or make any option or commitment relating to its capital stock or other equity securities;

(c) Dividends. to make or pay no dividend or other distribution or payment in respect of its outstanding stock and to make no redemption, retirement or purchase of such stock;

(d) Compensation arrangements. to enter into no employment contract, bonus arrangement, pension plan, profit sharing plan, stock option plan or any other incentive or deferred compensation arrangements, to make no increase in the regular rate of compensation payable by it to any officer, employee, or agent, and to accrue or pay no pension, retirement or similar benefits to any of its officers or employees, except (i) as required by any present provision of any collective bargaining agreement, or (ii) as required by any existing written pension or retirement agreement or plan;

(e) Borrowings. to make no borrowings, except in the normal course of its business, which borrowings shall not exceed \$500,000 in the aggregate;

(f) Capital expenditures. neither to make, nor to incur any obligations to make, any capital expenditures except (i) in accordance with Exhibit F or (ii) less than \$50,000 individually and \$250,000 in the aggregate;

(g) Preservation of good will. to attempt reasonably to keep available to the Buyer the services of its present officers, employees, and agents and preserve for Q and each Q Subsidiary the good will of its suppliers, customers and others having business relations with it;

(h) Insurance. to continue in full force and effect all of its existing liability and property damage, fire and other casualty insurance coverages and all existing insurance coverages on the lives of any of its officers, directors or shareholders;

(i) Employee loans and advances. to make no loans or advances to any employees other than

in the ordinary course of business and which shall not exceed \$2,000 per employee and \$10,000 in the aggregate;

(j) Asset dispositions. to make no sale or other disposition of any asset owned by or used in the business of Q or any Q Subsidiary (whether or not capitalized or expensed for tax or financial reporting purposes) except sales at fair market value in the ordinary course of business;

(k) Guarantees. to make no guarantees of the indebtedness of others;

(l) Labor disputes. to notify the Buyer promptly of any labor disputes;

(m) Cancellation of debt. to cancel no indebtedness due Q or any Q Subsidiary except in the ordinary course of business;

(n) Investments. with respect to any new business venture (and in the case of Q with respect to PIPSA), to make no investments, expenditures, loans or material commitments; and

(o) Waive any material rights. to waive no rights or claims having material value.

Section 3.2 Seller's expenses. Except as otherwise expressly provided in this Agreement, the Seller will, whether or not the transactions contemplated hereby are consummated, bear and pay all costs and expenses incurred by it in connection with the negotiation, execution and performance of this Agreement, including the fees and expenses of its counsel and accountants, provided that the Seller shall not be required to bear more than one-half of all costs and expenses incurred in connection with the preparation of the Additional Financial Statements referred to in Section 3.7.

Section 3.3 Cooperation with the Buyer.

The Seller will cause the officers and directors, employees and agents of Q and the Q Subsidiaries to cooperate fully with the Buyer and the Buyer's accountants and counsel for the purposes of effecting the transactions contemplated by this Agreement, and, in connection therewith, to provide all information and materials reasonably requested by its accountants or counsel.

Section 3.4 The Seller to furnish information.

At or prior to the Time of Closing, the Seller agrees to furnish to the Buyer in writing such information as the Buyer may reasonably request as to (a) the financial condition, business and operations of Q and any Q Subsidiary at or prior to the Time of Closing and/or (b) the Seller for the purpose of including such information in (i) any registration statement or other filing by the Buyer under the Securities Act of 1933, as amended, (ii) any statement or report of the Buyer under the Securities Exchange Act of 1934, as amended, (iii) any prospectus or offering brochure relating to any public or private offering of securities of the Buyer or any of its Subsidiaries, and (iv) any other statement, report, document or instrument under any other Federal law or the law of any State or other jurisdiction.

Section 3.5 Resignation of Certain Officers and Directors. The Seller will deliver or cause to be delivered to the Buyer at the Time of Closing the written resignations of each officer and director of Q or any Q Subsidiary who is currently an officer of the Seller.

Section 3.6 Lybrand, Ross Bros. & Montgomery. The Seller shall use its best efforts to cause Lybrand, Ross Bros. & Montgomery to deliver to the Buyer a letter (the "LRBM Report Letter") confirming that firm's reports on the audited financial statements of Predecessor Q referred to in Section 2.8 hereof and stating that the Buyer may rely on such reports as if such reports were addressed to the Buyer.

Section 3.7 Additional Financial Statements. On or prior to February 1, 1973, the Seller will furnish to the Buyer the following financial statements (the "Additional Financial Statements"):

consolidated balance sheets and statements of income and retained earnings (a) of Predecessor Q as of and for the fiscal period (nine months) ended December 31, 1970 (b) of Q and the Q Subsidiaries as of and for the fiscal year ended December 31, 1971, and (c) of Q and the Q Subsidiaries as of and for the ten months ended October 31, 1972,

The Seller shall cause Q and each Q Subsidiary to prepare and maintain all necessary books and records in conformity with the provisions of the Securities Exchange Act of 1934 and the Securities Exchange Act of 1933.

in each case with a manually signed report thereon without qualification (except insofar as such report relies on the report without qualification of Rodrigo Trevino Madero, C.P., Despacho Freysinnier Morin, S.C., or other independent public accountant reasonably acceptable to the Buyer, with respect to PIPSA and except that such report as of and for the 10 months ended October 31, 1972 may be subject to subsequent adjustment to reflect actual gain or loss upon disposition of assets at Q's old Indianapolis plant) of Haskins & Sells, independent certified public accountants. Such additional Financial Statements will present fairly the consolidated financial position and results of operations of Q and the Q Subsidiaries, as of the dates and for the periods indicated and will be prepared in accordance with generally accepted accounting principles and practices consistent (except as provided in Section 2.8) with those followed in the preparation of the financial statements referred to in Section 2.8 hereof. The Seller understands that its promise to deliver the Additional Financial Statements to the Buyer is a material inducement to the Buyer's agreement to enter into and consummate the transactions contemplated by this Agreement in advance of the receipt of such Additional Financial Statements.

Section 3.8 Financial adjustments prior to closing.
The Seller shall cause Q and the Q Subsidiaries prior to November 1, 1972 to make all necessary adjustments in their

respective books for all necessary accounting and financial adjustments, including, but not limited to, losses, write-downs or write-offs relating to property, plant, equipment, supplies or moving costs.

Section 3.9. Pension plan. In the event that prior to December 31, 1973, the Buyer shall establish for its employees a pension plan which shall qualify under § 401 of the Internal Revenue Code of 1954, as amended, and such plan shall (include the employees (the "Participating Employees") of Q and the Q Subsidiaries who are included in the Seller's Retirement Plan (the "Seller's Plan") for Salaried Employees at the Time of Closing, then the Seller shall pay over (or cause the Trustee of the Seller's Plan to pay over) to the trustee of such plan the sum of \$69,290, plus interest at 4% per annum from the Time of Closing to the date of payment. In the event that such a qualified plan shall not have been established prior to such date, the Seller promptly on or after such date shall distribute (or cause the Trustee of the Seller's Plan to distribute) said sum of \$69,290, plus interest at 4% per annum from the Time of Closing to the date of distribution, to the Participating Employees in proportion to the benefits credited to each of them under the Seller's Plan to the Time of Closing.

Section 3.10. Capital contribution and cancellation of indebtedness. At or prior to the Time of Closing

the Seller shall, as a capital contribution to Q, cancel all of Seller's claims against Q, for advances to or on behalf of Q, for goods sold and delivered, and otherwise, and shall execute and deliver to Q a release from all such claims, in the form attached hereto as Exhibit K, with such changes therefrom as the parties hereto may approve.

ARTICLE IV

Representations and Warranties of the Buyer

The Buyer represents and warrants to the Seller as follows:

Section 4.1. Due organization and authority.

The Buyer is a corporation duly organized and legally existing in good standing under the laws of the State of Delaware, is duly qualified to transact business in each state wherein the nature of the property owned or the business transacted by the Buyer requires such qualification, and has all requisite corporate power and authority to own and operate its properties, to carry on its business as presently conducted, to enter into this Agreement and the Assumption Agreement and to carry out the terms of each thereof. The copies of the Buyer's Certificate of Incorporation, and all amendments thereto, and of the Buyer's By-Laws, as amended, which have heretofore been delivered to the Seller are complete and correct as of the date of this Agreement.

Section 4.2. Financial statements. The Buyer has furnished the Seller with (a) the consolidated balance sheet of the Buyer and subsidiaries as at December 31, 1971

and the related consolidated statements of income, retained earnings and all changes in financial position for the eight months ended December 31, 1970 and the year ended December 31, 1971, together with the opinion of Arthur Young & Company, certified public accountants, with respect thereto, and (b) the consolidated balance sheet and statement of income (unaudited) as of and for the six months ended June 30, 1972. Such financial statements present fairly the consolidated financial positions and results of operations of the Buyer and its subsidiaries as of the dates and for the periods indicated, and have been prepared in accordance with generally accepted accounting principles and practices, consistently followed throughout the periods involved. Since June 30, 1972, there has been no material adverse change in the business, assets, liabilities or condition (financial or otherwise) of the Buyer and its subsidiaries, taken as a whole, except as reflected in the Buyer's prospectus dated August 24, 1972, and except as may result from transactions contemplated by this Agreement or relating to the financing thereof by the Buyer.

Section 4.3 No breach of charter or law,

etc. Except as may be set forth in Exhibit H, the execution and performance of this Agreement will not result in a breach of or constitute a default or violation under:

- (a) any charter, by-law, agreement or other document to or by which the Buyer or any of its subsidiaries is a party or is bound or any of their respective properties is subject; or

(b) any statute, decree, judgment, order or rule of any court or governmental authority which is binding on the Buyer or any of its subsidiaries.

Section 4.4. Corporate Authority. The execution, delivery and performance of this Agreement, the Note and the Assumption Agreement by the Buyer have been duly authorized by its Board of Directors. No further corporate authorization on the part of the Buyer is necessary to consummate the transactions contemplated herein or therein, and this Agreement, the Note and the Assumption Agreement are each binding upon and enforceable against the Buyer in accordance with their terms.

Section 4.5. Governmental Consent, etc. No prior cons approval, authorization, or order of, or registration, qualification, designation, declaration or filing with, any governmental authority on the part of the Buyer is required for the Buyer's execution and delivery of this Agreement or the purchase of the Shares hereunder or the carrying out of any other transaction contemplated hereby.

Section 4.6. Purchase for Investment. The Buyer is purchasing the Shares for its own account for investment and not with a view to resale or distribution, and such Shares will not be resold or otherwise disposed of by the Buyer in violation of the Securities Act of 1933 as at the time in effect (the "Securities Act"). In addition, the Buyer agrees that the certificate or certificates of stock to be issued to it by Q shall bear the following legend:

"The securities represented by this certificate have not been registered under the Securities Act of 1933. These securities may not be offered, sold, transferred, pledged or hypothecated in the absence of registration, or the availability of an exemption from registration, under the Securities Act of 1933, as amended."

The Buyer agrees to hold the Seller harmless from any and all violations of this Section 4.6 arising by reason of any action of the Buyer.

The Buyer understands that the Shares have not been registered under the Securities Act, and must be held indefinitely unless they are subsequently so registered or an exemption from such registration is available. The Buyer also understands that any routine sales of the Shares made in reliance upon Rule 144 may be made only in limited amounts in accordance with the terms and conditions of that Rule; and that if such Rule is not applicable compliance with Regulation A or some other exemption will be required.

Section 4.7. Brokerage fees. The negotiations relative to this Agreement have been carried on by the Buyer directly with the Seller in such manner as not to give rise to any valid claim against the Seller for a brokerage commission, finder's fee or other like payment in connection with the transactions contemplated by this Agreement.

Section 4.8. Completeness. No representation or warranty made by the Buyer in writing pursuant to this Agreement contains any untrue statement of a material fact or omits to state any material fact reasonably necessary to make the statements herein and therein not misleading, and all copies of documents delivered by the Buyer hereunder are true and complete copies.

ARTICLE V

Additional Agreements of the Buyer

Section 5.1. Expenses of the Buyer. The Buyer will, whether or not the transactions contemplated hereby are consummated, pay all costs and expenses incurred by it in connection with the negotiation, execution and performance of this Agreement, including the fees and expenses of its counsel and accountants, and shall bear one-half of all costs and expenses incurred in connection with the preparation of the Additional Financial Statements referred to in Section 3.7.

Section 5.2. Access to books. After the Time of Closing the Buyer shall afford the Seller opportunity to inspect all books and records of Q and the Q Subsidiaries up to the time of Closing.

Section 5.3. Lease guaranty insurance. At the Time of Closing the Buyer shall deliver to the Seller a certified or bank cashier's check in the amount of \$176,000 for the payment of a premium for lease guaranty insurance with respect to Seller's obligations as guarantor of Q's obligations under its leases with respect to its new Wallkill and Indiana plants, which check shall be held in escrow by Messrs. Debevoise, Plimpton, Lyons & Gates, ~~until~~ ~~December 15, 1972.~~ The Seller agrees not to procure such insurance until December 15, 1972, or such earlier date as the Buyer may approve. After December 15, 1972 (or such earlier date) the escrow agent shall release such check

to the Seller, who may deposit the same. If Seller is unable to obtain a binder for such insurance by January 31, 1973, or, if the Seller is released from its obligations as guarantor with respect to such leases before it procures such insurance, the Seller ^{as the case may be} shall promptly return such check or repay such amount to the Buyer. ^{As the case may be} The Buyer shall cooperate in furnishing such information concerning the financial condition of the Buyer and of Q as may be reasonably requested in connection with procuring such insurance, and shall promptly pay to the Seller, upon Seller's request, amounts equal to the cost (including commitment fees, appraisal fees and other incidental costs) of maintaining and renewing such insurance for so long as the Seller shall be liable as guarantor of Q's obligations under such leases. If the Seller is released from its obligations as guarantor with respect to such leases at a time when the Seller is covered by leasehold guaranty insurance, the Seller agrees to use its best efforts to obtain a refund of insurance premiums for the period following the release, and shall pay any such refund to the Buyer.

Section 5.4. Substituted Security Agreements.

The Buyer agrees to cooperate with the Seller in the replacement of the present Security Agreements and Collateral Assignments of Leases with respect to Q's Wallkill plant and its new Indiana plant with other security agreements or mortgages, in such form and to such effect as the Seller and the Buyer may agree upon.

Section 5.5. Investment Tax Credit. The Seller, in its consolidated tax returns which include Q and the Q Subsidiaries in the Seller's consolidated group, intends to claim the investment tax credit with respect to all eligible expenditures for property of Q and the Q Subsidiaries made prior to the Time of Closing. The Seller shall promptly notify the Buyer in the event that any such claim is disallowed in whole or in part. Except in the event of a final determination disallowing any such claim, the Buyer shall not claim the investment credit with respect to any expenditure for property of Q and the Q Subsidiaries made prior to the Time of Closing.

ARTICLE VI

Conditions of Obligations of the Buyer

The obligations of the Buyer to acquire the Shares in accordance with this Agreement shall be subject to the fulfillment of each of the following conditions at or prior to the Time of Closing:

Section 6.1 Correctness of representations.

All representations and warranties of the Seller contained in this Agreement or otherwise made in writing pursuant to this Agreement shall be true and correct at and as of the Time of Closing with the same force and effect as though made at and as of such Time, except for changes permitted by this Agreement.

Section 6.2 Compliance with obligations. Each of the Seller, Q and the Q Subsidiaries shall have performed and complied with or caused the performance of and compliance with all of the obligations, terms and conditions required by this Agreement to be performed or complied with by it at or prior to the Time of Closing.

Section 6.3 Opinion of Debevoise, Plimpton, Lyons & Gates. The Buyer shall have received an opinion from Messrs. Debevoise, Plimpton, Lyons & Gates, counsel for the Seller, dated the Time of Closing, in form and substance satisfactory to counsel for the Buyer to the

effect that:

(a) Each of the Seller, Q and Bestolife is a corporation duly organized and legally existing in good standing under the laws of the state of its incorporation; Q and Bestolife have full corporate power and authorization to own their properties and conduct their business as presently conducted; and each of Q and Bestolife is qualified to do business as a foreign corporation in each jurisdiction where its plants or leased premises are located;

(b) The Seller has full legal power to enter into this Agreement; all necessary corporate proceedings have been taken by the Seller to authorize the execution and delivery of this Agreement by it, the performance by it of its obligations thereunder, and the execution and delivery by it of all documents required by this Agreement to be executed and delivered by it; this Agreement has been duly executed and delivered by the Seller and is the valid and binding agreement of the Seller, enforceable in accordance with its terms except as limited by applicable bankruptcy, reorganization, moratorium or similar laws at the time in effect and except that such counsel may express no opinion as to the effect of the matters referred to in Exhibit H on the validity, binding effect and enforceability of this Agreement;

(c) All authorizations, approvals and consents of all governmental authorities and agencies that are either necessary to the performance of the provisions of this Agreement by the Seller or required by law to be obtained by the Seller in connection with such performance prior to the Time of Closing have been obtained;

(d) The capitalization of Q and Bestolife is as set forth in Sections 2.2, 2.3 and 2.5, respectively hereof; the Shares are duly authorized, validly issued and outstanding, fully paid, and non-assessable shares of the capital stock of Q and are owned of record and, to the best of such counsel's knowledge, beneficially, by the Seller; the Shares have been duly endorsed for transfer to the Buyer; delivery of the Shares pursuant to the terms of this Agreement will vest good and marketable title thereto in the Buyer free and clear of all liens, charges and encumbrances except those resulting from any act or

omission of the Buyer; the outstanding shares of the capital stock of Q and Bestolife are duly authorized, validly issued and outstanding, fully paid and non-assessable; all of the outstanding shares of capital stock of Bestolife are, to the best of such counsel's knowledge, owned by Q beneficially free and clear of all liens, encumbrances and claims

(e) To the best of said counsel's knowledge except as disclosed in Exhibit H, no action, suit, proceeding or investigation is pending or threatened against Q, any Q Subsidiary or the Seller which might result in any material adverse change in the financial condition or business of Q and the Q Subsidiaries taken as a whole, or which questions the validity or propriety of this Agreement or of any action taken or to be taken pursuant to or in connection with this Agreement;

(f) The execution and performance of this Agreement will not result in a breach of or constitute a default under any charter or by-law provision which is binding on Q or Bestolife, or, to the best of the knowledge of said counsel, any material agreement or other document to or by which Q, Bestolife or the Seller is a party or is bound, or to which any of their respective properties is subject or any judgment, order or rule (other than any rule relating to the matters referred to in Exhibit H) of any court or other governmental authority which is binding on any of them or on any of their respective properties.

Such opinion shall also cover such other matters incident to the transactions contemplated hereby as the Buyer or its counsel may reasonably request. In rendering their opinion, Messrs. Debevoise, Plimpton, Lyons & Gates may rely on certificates of officers or directors of the Seller and of Quemetco and opinions of associate counsel, provided that (i) Messrs. Debevoise, Plimpton, Lyons & Gates state in their opinion that such opinions are satisfactory in form and scope to them and that they and the Buyer are justified in relying on such opinions and (ii) such certificates and opinions are in form and scope satisfactory to the Buyer.

omission of the Buyer; the outstanding shares of the capital stock of Q and Bestolife are duly authorized, validly issued and outstanding, fully paid and non-assessable; all of the outstanding shares of capital stock of Bestolife are, to the best of such counsel's knowledge, owned by Q beneficial free and clear of all liens, encumbrances and claims;

(e) To the best of said counsel's knowledge except as disclosed in Exhibit H, no action, suit, proceeding or investigation is pending or threatened against Q, any Q Subsidiary or the Seller which might result in any material adverse change in the financial condition or business of Q and the Q Subsidiaries taken as a whole, or which questions the validity or propriety of this Agreement or of any action taken or to be taken pursuant to or in connection with this Agreement;

(f) The execution and performance of this Agreement will not result in a breach of or constitute a default under any charter or by-law provision which is binding on Q or Bestolife, or, to the best of the knowledge of said counsel, any material agreement or other document to or by which Q, Bestolife or the Seller is a party or is bound, or to which any of their respective properties is subject or any judgment, order or rule (other than any rule relating to the matters referred to in Exhibit H) of any court or other governmental authority which is binding on any of them or on any of their respective properties.

Such opinion shall also cover such other matters incident to the transactions contemplated hereby as the Buyer or its counsel may reasonably request. In rendering their opinion, Messrs. Debevoise, Plimpton, Lyons & Gates may rely on certificates of officers or directors of the Seller and of Quemetco and opinions of associate counsel, provided that (i) Messrs. Debevoise, Plimpton, Lyons & Gates state in their opinion that such opinions are satisfactory in form and scope to them and that they and the Buyer are justified in relying on such opinions and (ii) such certificates and opinions are in form and scope satisfactory to the Buyer.

and (y) that from September 30, 1972 to the Time of Closing there has been any change in the capitalization or long term debt of Q and the Q Subsidiaries or any material decrease (other than as a result of changes in the domestic price of lead or as a result of write-downs with respect to assets at Q's former Indianapolis plant) in consolidated net sales or of net current assets or in net income of Q and the Q Subsidiaries, except as specifically permitted by this Agreement.

Section 6.6. LRBM Report letter. Lybrand, Ross Bros. & Montgomery shall have delivered to the Buyer the LRBM Report letter referred to in Section 3.6 hereof.

Section 6.7. Q's Accountants' Report. Haskins & Sells shall have delivered to the Buyer a report certifying that as of September 30, 1972, as shown in the Seller's records, (a) the Seller's investment in Q was not less than \$7,700,000 and (b) the Seller's advances to or on behalf of Q was not less than \$9,000,000. (The amounts so certified, added to the amount of Q's retained earnings as of September 30, 1972, as shown on Q's unaudited balance sheet as of such date furnished pursuant to Section 2.8, shall total not less than \$17,000,000.)

Section 6.8. Absence of Order Prohibiting the Transaction. There shall be no order of any court or governmental body restraining or prohibiting the transactions contemplated by this Agreement to be completed at or prior to the Time of Closing.

Section 6.9. Proceedings and Documents Satisfactory.

All proceedings in connection with the transactions contemplated hereby and all documents and instruments incident to such transactions shall be reasonably satisfactory in substance and form to Buyer and its counsel; and Buyer and its counsel shall have received all such counterpart originals or certified or other copies of such documents as Buyer or its counsel may reasonably request.

ARTICLE VII

Conditions of Obligations of the Seller

The obligations of the Seller to transfer the Shares in accordance with this Agreement shall be subject to the fulfillment of each of the following conditions at or prior to the Time of Closing:

Section 7.1 Correctness of Representations.

All representations and warranties of the Buyer contained in this Agreement shall be true and correct at and as of the Time of Closing.

Section 7.2 Compliance with Obligations.

The Buyer shall have performed and complied with all of the obligations and conditions required by this Agreement to be performed or complied with by it at or prior to the Time of Closing.

Section 7.3 Opinion of Counsel for Buyer.

The Seller shall have received an opinion from Messrs. London, Battenwieser & Chalif, general counsel for the Buyer, dated the Time of Closing, in form and substance satisfactory to counsel for the Seller, to the effect that:

(a) The Buyer is a corporation duly organized and legally existing in good standing under the laws of the State of Delaware; and the Buyer has full corporate power and authorization to own its properties and conduct its business as presently conducted;

(b) This agreement has been duly and legally authorized by all necessary corporate action on the part of the Buyer, has been duly and legally executed and delivered by the Buyer and is the binding agreement of the Buyer except as limited by applicable bankruptcy, reorganization, moratorium or similar laws at the time in effect and except that such counsel may express no opinion as to the effect of the matters referred to in Exhibit H on the validity, binding effect and enforceability of this Agreement;

(c) Each of the Assumption Agreement and the Note has been duly and legally authorized by all necessary corporate action on the part of the Buyer, has been duly and legally executed and delivered by the Buyer and is valid and binding upon the Buyer and enforceable in accordance with its terms except as limited by applicable bankruptcy, reorganization, moratorium or similar laws at the time in effect; and

(d) The execution and performance of this Agreement will not result in a breach of or constitute a default under any charter or by-law provision which is binding on Buyer, or, to the best of the knowledge of said counsel, any material agreement or other document to or by which Buyer or any of its properties is a party or is bound, or any judgment, order or rule

(other than any rule relating to the matters referred to in Exhibit H) of any court or other governmental authority which is binding on Buyer or any of its properties.

In rendering their opinion, Messrs. London, Battenwieser & Chalif may rely on certificates of officers or directors of the Buyer and opinions of associate counsel, provided that (i) Messrs. London, Battenwieser & Chalif state in their opinion that such opinions are satisfactory in form and scope to them and that they, and the Seller, are justified in relying on such.

opinions and (ii) such certificates and opinions are in form and scope satisfactory to the Seller.

Section 7.4 Officer's Certificate. The Seller shall have received a certificate addressed to it, executed by the President or a Vice President and the Treasurer or an Assistant Treasurer of the Buyer, dated the Time of Closing, to the effect that the representations and warranties of the Buyer contained in Article IV hereof are true and correct at and as of the Time of Closing, except for changes permitted by this Agreement, and that the Buyer has performed or complied with all obligations to be performed or complied with by it at or prior to the Time of Closing.

Section 7.5. Assumption Agreement. The Assumption Agreement shall have been duly executed and delivered by the Buyer.

ARTICLE VIII

Other Provisions

Section 8.1 Examination prior to Closing.

Prior to the Time of Closing the Seller will allow, and will cause Q and each Q Subsidiary to allow, the Buyer and its representatives access to the respective books, records and properties of the Seller, Q and each of the Q Subsidiaries and furnish such information concerning the Seller, Q and each of the Q Subsidiaries as the Buyer may reasonably request from time to time in connection with compliance, or ascertaining compliance, with the representations, conditions and other provisions of this Agreement and the transactions contemplated herein. Any information shall be kept confidential by the Buyer (and shall be used by the Buyer only in connection with this Agreement), except to the extent that disclosure of such information is required by law or is necessary or desirable in connection with any securities offering by the Buyer, or except to the extent that such information was known to such other person when received or it is or hereafter becomes lawfully obtainable from other sources or to the extent such confidentiality or use is waived by the person making such disclosure. The obligations of the Buyer as to confidentiality and use shall survive consummation (only insofar as they relate to information concerning the Seller), termination or abandonment of this Agreement.

Section 8.2 Use Best Efforts to Satisfy Conditions

Precedent. The Seller agrees to use its best efforts to

bring about the satisfaction of the conditions specified in Article VI hereof, and the Buyer agrees to use its best efforts to bring about the satisfaction of the conditions specified in Article VII hereof, but if any condition specified in any of said Articles shall not be satisfied and such condition shall not be waived by the party or parties for the benefit of which such condition is stated, such party may terminate this Agreement by notice in writing to the other party. In the event of such termination, this Agreement shall cease and terminate and no party hereto shall have any liability hereunder of any nature whatsoever, including liability for damages.

Section 8.3. Survival of Representations and Warranties. All representations and Warranties contained herein or made in writing by or on behalf of the Buyer or the Seller in connection with the transactions contemplated hereby (except for the agreements and obligations contained in Sections 2.16, 4.6, 4.7 and 5.3 hereof) shall be extinguished after October 31, 1977. Any claim or claims based upon such representations and warranties (other than claims based upon the agreements and obligations contained in such Sections 2.16, 4.6, 4.7 and 5.3) shall be honored, if valid, only if the person making such claim or claims notifies Seller or Buyer, as the case may be, of such claim or claims in writing prior to October 31, 1977.

Section 8.4 Amendments and Waivers. Any provision of this Agreement may be amended by a writing signed by the Buyer and the Seller. The Seller may extend the time for or waive the performance of any of the obligations of the Buyer, waive any inaccuracies in the representations or warranties by the Buyer, or waive compliance by the Buyer with any of the terms and conditions contained in

this Agreement. Any such extension or waiver shall be in writing and signed by the President or a Vice President of the Seller. The Buyer may extend the time for or waive the performance of any of the obligation of the Seller, waive any inaccuracies in the representations or warranties by them, or waive compliance by them with any of the terms and conditions contained in this Agreement. Any such extension or waiver shall be in writing and signed by the President or a Vice President of the Buyer.

Section 8.5 Notices. Any notice to a party hereto pursuant to this Agreement shall be given by certified or registered mail addressed as follows:

To the Seller:

250 Park Avenue
New York, New York 10017

Attention: Mr. John C. Duncan,
President

To the Buyer:

P. O. Box 6195
Dallas, Texas 75222

Attention: Mr. Howard M. Meyers,
President

is intended to confer upon any person or entity (or to such other address as the Seller or the Buyer may designate in writing to the other parties hereto); and shall be deemed delivered at the close of business on the second business day next following the day when placed in the mails so addressed, with postage prepaid. Copies

of any such notice shall also be given in like manner to counsel for the Buyer, Messrs. London, Battenwieser & Chalif, 575 Madison Avenue, New York, New York 10022, to the attention of Robert F. Ebin, Esq. and to counsel for the Seller, Messrs. Debevoise, Plimpton, Lyons & Gates, 320 Park Avenue, New York, New York 10022, to the attention of: Meredith M. Brown, Esq.

Section 8.6 Parties Bound. This Agreement shall inure to the benefit of, and be binding on and enforceable against the parties hereto and their respective successors and assigns, but neither this Agreement nor any rights or obligations hereunder may be assigned by any party without the consent of the other party.

Section 8.7. Counterpart Executions. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

Section 8.8. Parties in Interest. Nothing contained in this Agreement, whether express or implied, is intended to confer upon any person or entity other than the parties hereto, and their respective successors and assigns, any rights or remedies, nor is anything in this Agreement intended to relieve or dis-

charge the liability of any other person or entity to any party hereto, nor shall any provision hereof give any such person or entity any right of subrogation against, or action over against, any party.

Section 8.9. Headings. The headings in the sections of this Agreement are inserted for convenience only and shall not constitute a part hereof.

Section 8.10. Governing Law. This Agreement shall be governed by the laws of the State of New York and constitute the entire agreement between the Seller and the Buyer with respect to the subject matter hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written by their duly authorized officers.

RSR CORPORATION

By Howard M. Meyers
Howard M. Meyers, President

ST. JOE MINERALS CORPORATION

By D. Brown
(Vice) President